



## Transportation Finance Issues

### How does Wisconsin's transportation funding compare to other states?

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#### Funding transportation in Wisconsin

Wisconsin is one of the only states in the country to fund all modes of transportation, as well as the Division of Motor Vehicles and the State Patrol, primarily through a segregated Transportation Fund.

- Some states use a combination of vehicle-related fees, fuel taxes, excise taxes, bonding, and General Fund appropriations to address transportation needs.
- In other states, it is more common to dedicate gas tax revenues solely to highway projects and use General Fund revenues to finance the state's contribution to non-highway facilities and services.
- In several states, a portion of the state gas tax is dedicated to non-transportation purposes.

#### States tax gasoline in different ways

All states (and the District of Columbia) assess excise taxes on gasoline. In addition, some states collect sales taxes on the purchase of gasoline. Other states collect business or franchise taxes, and some states allow the collection of local taxes and fees on gasoline and/or the purchase of gasoline.

- Wisconsin does not levy state sales or business tax, or local taxes on gasoline.
- Wisconsin and nine other states have mechanisms in place that automatically adjust the tax rate levied on gasoline.

Wisconsin's current state *excise tax rate* dedicated to transportation purposes is 29.1 cents per gallon. When the state's petroleum clean-up program fee is added, the total state excise tax is 32.1 cents per gallon - highest in the nation.

- But Wisconsin's ranking drops to 6<sup>th</sup> nationally, when comparing states *including all local and state taxes and fees* on gasoline (based on the rate charged in each state's largest city).
  - Residents in Illinois, Hawaii, New York, Nevada, and California, all pay *higher* overall per-gallon taxes on gasoline than in Wisconsin.

## Wisconsin's primary vehicle taxes and fees

Wisconsin's principal transportation funding sources are vehicle registration fees and gasoline taxes.

- Annual passenger vehicle registration fee of \$55.
  - Wisconsin and 28 other states assess the cost of registration as a flat fee.
  - In other states, vehicle weight, or a combination of factors determines the fee.
  - Some states levy additional registration-related fees or excise taxes.
  - Only two communities (Beloit and Sheboygan) levy a local registration-related (wheel) tax on passenger vehicles.
- State gasoline excise tax rate of 29.1 cents per gallon.
  - An additional 3 cents per gallon is collected as an environmental surcharge.

## Wisconsin has lower vehicle registration fees than many states

Wisconsin's \$55 passenger vehicle registration fee ranks 11th highest in the nation.

- But Wisconsin ranks 23<sup>rd</sup> highest when comparing states including *all other registration-related taxes and fees*, and any additional state fees based on vehicle value, weight, or age, or other miscellaneous state fees collected at registration.
- And Wisconsin's rank falls further, to 43<sup>rd</sup> nationally, when states are compared by *all registration charges levied*, both state *and* local registration-related costs (based on the rate charged in the state's largest city).

## Wisconsin ranks low in overall transportation related vehicle costs

When the full range of annual transportation-related taxes and fees is considered, Wisconsin residents pay less overall than residents of 31 other states.

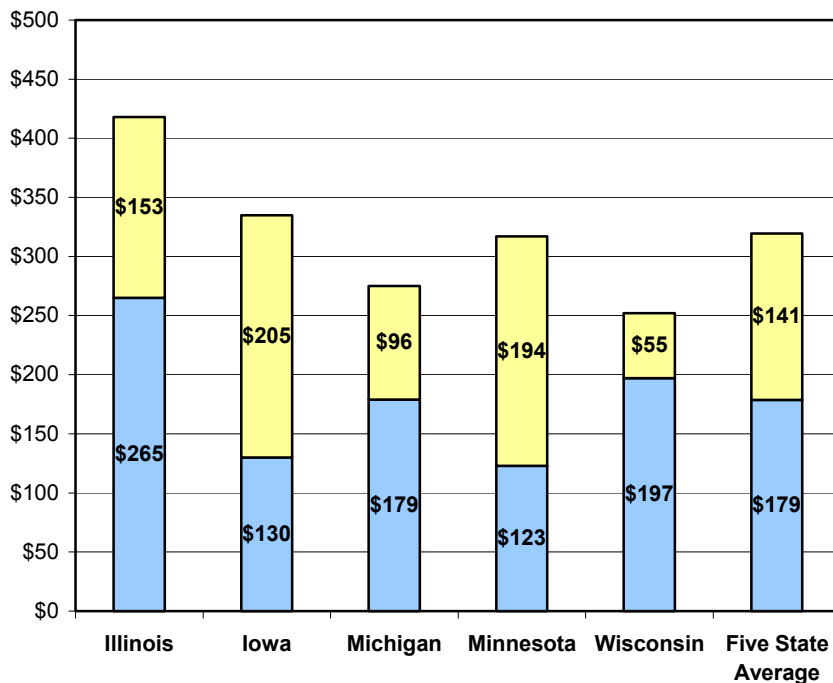
- Wisconsin ranks just 32<sup>nd</sup> in the nation for overall transportation related vehicle costs, when total annual costs are compared (for a late model mid-sized car in a state's largest city).
  - These costs include annual state and local vehicle registration-related taxes and fees, and state and local taxes and fees per gallon of gasoline.
- Wisconsin's annual cost of \$251.53 falls in the bottom 2/5 of states, and is less than half of what residents in the top five states pay.

## Wisconsin's transportation-related costs are the lowest in the region

When the combination of annual state and local gas taxes and fees, and state and local vehicle registration-related fees - for the state's largest city - are considered (based on average costs for a late-model, mid-sized passenger vehicle), Wisconsin ranks *lowest* among neighboring Midwest states.

(See chart below.)

**Estimated Total Annual Vehicle Operating Fees & Taxes (2003 Ford Taurus)  
Wisconsin and Neighboring States**



**Calculated for state's largest city**  
Includes all taxes and fees  
as of June 2004

Does not include federal fuel taxes  
(totaling \$112.65 in each state) or tolls  
imposed on certain highways and bridges.

Based on costs for a vehicle with a fuel  
efficiency rating of 24.5 miles per gallon  
driven 15,000 miles per year.

■ Total State and Local Vehicle  
Registration-Related Fees

■ Total State and Local Taxes on  
Gasoline